

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number Raymond G. Alvarado (State Bar # 50003) Steven M. Lawrence (State Bar # 150861) ALVARADO, SMITH & SANCHEZ 4 Park Plaza, Suite 1200, Irvine, CA 92614 (949) 955 - 6800 FAX: (949) 955 - 6899	FOR COURT USE ONLY <div style="text-align: center;"> FILED 02 DEC 18 PM 4:23 CLERK, U.S. BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA </div>
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA	
In re: COMMUNITY HEALTH FOUNDATION OF EAST LOS ANGELES, INC. <div style="text-align: right;">Debtor(s).</div>	BY <u> </u> DEPUTY CLERK CASE NO.: LA 02-19444 BR

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: <u>January 28, 2003</u>	Time: <u>10:00 a.m.</u>
Location: <u>Los Angeles Bankruptcy Court, Courtroom 1668, 255 East Temple Street.</u>	

Type of Sale: ☒ Public ☐ Private Last date to file objections: January 14, 2003

Description of Property to be Sold: 3929-3945 Whittier Boulevard, Los Angeles, CA 90023;
825 South Rowan Avenue, Los Angeles, CA 90023; 830 South Townsend Avenue,
Los Angeles, CA 90023

Terms and Conditions of Sale: See Attachment

Proposed Sale Price: \$1,550,000

Overbid Procedure (If Any): See Attachment

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing: 1/28/03 at 10:00 a.m.
Los Angeles Bankruptcy
 Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address): Court, Courtroom 1668

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Date: December 13, 2002

COPY

ATTACHMENT TO NOTICE OF SALE OF ESTATE PROPERTY

SUMMARY OF FACTS

On March 29, 2002, Community Health Foundation of East Los Angeles, Inc, the debtor and debtor-in-possession herein (the "Debtor") commenced its case by filing a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). The Debtor is a 501(c)(3) California Non-Profit Corporation that operates as a business providing primary health care to the local East Los Angeles community. The Debtor commenced operating as a primary health care provider to the greater East Los Angeles community in 1971. The Debtor operated out of its main clinic located at 3945 E. Whittier Boulevard, and also operated various off-site clinics located in housing projects, elementary and intermediate schools and a medical and dental facility in Bell, California.

The Court will hold a hearing on January 28, 2003 at 10:00 a.m. on the Joint Motion by the Debtor and the Official Committee of Unsecured Creditors for order approving the sale (the "Sale Motion") of the real property commonly known as 3929-3945 East Whittier Boulevard, 825 S. Rowan Avenue, and 830 S. Townsend Avenue in Los Angeles, California (collectively, the "Property") to AltaMed Health Services Corporation ("AltaMed" or the "Buyer") for \$1,550,000 (the "Purchase Price"), pursuant to the Purchase Agreement.

A Preliminary Title Report generated in connection with the Property indicates liens and encumbrances on the property in the amount of approximately \$619,512. This includes defaulted property taxes, deeds of trusts, judgments, and tax liens. However, many of these liens and encumbrances are disputed and will be pursued in adversary actions. With payment of undisputed liens and 5% of the sale price of the Property for the brokerage commission, the Debtor will net approximately \$1,404,506.

TERMS OF THE PROPOSED SALE

The terms of the proposed sale are set forth in the Agreement. The salient terms of the Agreement are as follows.

- a. The Terms of the Proposed Sale to the Buyer
 - i. Purchase of the Property. At the consummation of the purchase, the Buyer shall acquire title to the Property together with all improvements, as well as all easements and appurtenances.
 - ii. Consideration. Pursuant to the Purchase Agreement, the total consideration to be given for the above stated assets of the estate shall be \$1,550,000, to be tendered to the Debtor at the consummation of the purchase.
- b. Overbid Procedures and Break Up Fee Sought to be Approved by the Court
 - i. Overbid. The sale of the Property shall be subject to qualifying

overbids at the hearing on the Sale Motion to approve the Purchase Agreement (the "Sale Hearing"). Potential overbidders must submit a bid for all of the Property entirely in cash, except as set forth below. Initial overbids must be in writing and be received by the Debtor's and the Committee's counsels no later than 3:00 p.m., five (5) business days prior to the Sale Hearing.

- ii. Qualified Overbidders: To be deemed qualified to bid for the Property at the Sale Hearing ("Qualified Overbidders"), all potential bidders shall prequalify no later than 3:00 p.m., five (5) business days prior to the Sale Hearing, by filing with the Court and serving by personal service or telecopier on counsel for the Debtor, Steven M. Lawrence, Alvarado, Smith & Sanchez, 4 Park Plaza, Suite 1200, Irvine, CA 92614, (949) 955-6899 fax and the Committee, Alex Cornelius, Costell & Cornelius Law Corporation, 1299 Ocean Avenue, Suite 400, Santa Monica, CA 90401-1007, (310) 458-7959 fax, an "Eligibility Package" supported by written proof and affidavits and/or declarations containing, at a minimum, the following, in form and substance acceptable to the Debtor, the Committee and/or the Court:
 - (a) Proof of their possession of a \$150,000 cashier's check from a reputable financial institution made payable to "Fidelity National Title" in the form of a true and correct copy of the cashier's check;
 - (b) Evidence of such overbidders' ability to qualify as a purchaser of the Property under the bidding procedures. In connection therewith, the Debtor and the Committee shall require all potential overbidders to provide proof of the overbidder's ability to close the sale and immediately and unconditionally pay the Purchase Price as increased by overbid. Such proof may include, but need not be limited to, any one or all or a combination of the following: an irrevocable and non-contingent loan or capital commitment from a lender or other money source with demonstrated financial capability to close the transaction or financial capability of which the Court can take judicial notice; and/or financial statements of the bidder itself which demonstrate such financial capability; and
 - (c) A declaration/affidavit and/or acknowledgment signed under penalty of perjury that the bidder agrees, if it is deemed to be the "Winning Bidder" by the Court, that it will take such lawful acts, and execute, notarize and deliver all documentation, necessary, appropriate and/or requested by the Debtor to effectuate the sale and transfer of the Property.
- iii. Submission of an Eligibility Package constitutes the bidders' acceptance of all of the terms and conditions of the Purchase Agreement and this Motion, as well as their agreement to the Disclaimer and Bidder Warranty set forth in paragraph 3 of the Sale Motion, and their irrevocable approval of title in the same manner as approved by AltaMed and approval of the other contingencies, due diligence matters and conditions precedent to a bidder's obligation to

purchase the Property, should it be deemed the "Winning Bidder" by the Court.

- iv. At the Sale Hearing, the Qualified Bidders must be present and must submit the original of their \$150,000 cashier's checks made payable to "Fidelity National Title" to the Court, the Debtor and the Committee for their review, inspection and approval.
- v. At the Sale Hearing, as a preliminary matter, the Court will be requested by the Debtor to rule as whether any particular bidder is or is not qualified as a Qualified Bidder.
- vi. The following are the terms of the overbid procedure to be utilized in connection with the sale of the Property to AltaMed:
 - (a) The Property is to be sold free and clear of liens, claims and interests to the "Winning Bidder," as determined by the Court, in its "as is and where is condition," subject to the terms and conditions set forth in the Sale Motion and the Purchase Agreement, without any warranty or representations by the Debtor or the Debtor Representatives and subject to the Disclaimer and Bidder Warranty set forth in paragraph 3 of the Sale Motion.
 - (b) All Qualified Bidders must attend the Sale Hearing through a representative that has actual authority to bid and enter into the transactions necessary to sell the Property and is willing and able to represent to the same to the Court if called upon to do so. All bids must be made in accordance with terms set forth herein and must be in form and substance acceptable to the Court, the Debtor and the Committee.
 - (c) Minimum Overbids. Initial overbids shall be at least \$30,000 over the Purchase Price and must be accompanied by certified funds in the amount of \$150,000, which funds shall be treated as a good faith deposit on the Purchase Price. Minimum bid increments thereafter shall be in increments of \$20,000 cash and be made at an in-person auction at the Sale Hearing.
 - (d) Each Qualified Bidder may be given the opportunity by the Court to overbid the opening bid and any subsequent bid, in the Court's discretion. The bidding process at the Sale Hearing may continue until no Qualified Bidder is willing to overbid the highest offer made, at which time the "highest offer" made, as determined by the Court, will be declared the winning bid or until the Court stops the bidding, should the Court decide to accept any bidders as Qualified Bidders. In addition, the Court in its discretion may not accept what is, on its face, the bid of the greatest dollar amount as the "highest offer" based on other factors that the Court determines should be taken into account.
 - (e) Matching Rights. AltaMed shall have the right to match any overbid and will be deemed the successful bidder if no higher and better subsequent overbid is received.
 - (f) The "Winning Bidder" will be required to assume in full all of

the obligations of AltaMed under the Purchase Agreement and will "step into the shoes" of AltaMed under the Purchase Agreement. All terms of the Purchase Agreement shall remain the same and have full force and effect except for those related to price and closing date or other matters that the Debtor consents to or the Court orders be changed or revised based on the overbid made by the "Winning Bidder."

(g) By 4:00 p.m., within three (3) court days after the Sale Hearing, the "Winning Bidder" must deliver to Fidelity National Title all funds necessary to open escrow, and any other executed and/or notarized documents required under the Purchase Agreement.

(h) Within three (3) court days after the Sale Hearing, the "Winning Bidder" shall execute an amendment to the escrow instructions substituting the "Winning Bidder" in as the "Buyer" under the Purchase Agreement.

(i) Within one (1) court day of the Closing, all net proceeds to the Debtor from the escrow shall be transferred from Fidelity National Title and deposited and held in a separate interest bearing client trust account to be opened for the Debtor by its general bankruptcy counsel, Alvarado, Smith & Sanchez, a professional corporation ("AS&S"), at the Newport Beach branch of Mellon 1st Business Bank, a federally insured financial institution (the "Trust Account"). AS&S shall transmit to Fidelity National Title the information and account number of the Trust Account within two (2) court days of the hearing on the Motion. All funds from the sale shall be held in the Trust Account pending further order of this Court. All liens, claims and/or interests which had previously attached to the Property shall attach in similar manner, priority and extent, to the proceeds contained in the Trust Account, as determined by the Court, after appropriate notice and opportunity to be heard.

(j) The Debtor shall turn over possession of the Property and all control of operations of the Debtor's business at the Property and the Debtor and its personnel shall immediately vacate the Property to the winning bidder immediately following the Closing unless the winning bidder and the Debtor make other arrangements regarding the turnover of the Property and the operations of the Debtor.

- vii. The Break-Up Fee. The Purchase Agreement provides that in the event of overbid, if AltaMed is not the successful purchaser, AltaMed is to be awarded a break-up fee in the amount of \$15,500 (1% of the purchase price) (the "Break-Up Fee"). In the event that the successful bidder does not successfully close the sale, and in lieu of paying the Break-Up Fee, the Debtor has the right in its discretion to obligate AltaMed to purchase the Property in accordance with the terms of the Purchase Agreement; *provided, however*, the Debtor shall either pay the Break-Up Fee or provide notice of its intent to sell the Property no later than February 7, 2003.